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July 26, 2004

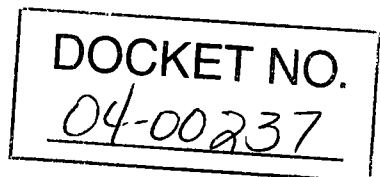
Via Overnight Delivery

210 N Park Ave
Winter Park, FL 32789
Mr. Patrick Miller
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

P.O. Drawer 200
Winter Park, FL
32790-0200

**RE: T-NETIX, Inc.
Notice of New Financing Arrangement**

Tel 407-740-8575
Fax 407-740-0613
tmi@tminc.com



Dear Mr. Miller

Enclosed for filing are an additional original and thirteen (13) copies of the Notice of New Financing Arrangement submitted on behalf of T-NETIX, Inc ("T-NETIX"). Details of this transaction are attached for the Commission's files.

Please do not hesitate to contact me if you have any questions at (407) 740-3004 or rnorton@tminc.com.

Please acknowledge receipt of this filing by returning, file-stamped, the extra copy of this cover letter in the self-addressed, stamped envelope enclosed for this purpose.

Sincerely,

Robin Norton
Consultant to T-NETIX

cc Kendall Hollon - T-NETIX
File: T-NETIX, Inc. - TN
TMS: TNX0402

**NOTICE OF
NEW FINANCING ARRANGEMENT**

of

T-NETIX, INC. and T-NETIX TELECOMMUNICATIONS SERVICES, INC.

T-NETIX, Inc. ("TNI") and T-NETIX Telecommunications Services, Inc. ("TTS") (hereinafter referred to jointly as "T-NETIX" or "Parties") hereby notify the Tennessee Regulatory Authority of their intent to participate in up to \$230 million in debt financing. A description of the transaction is set forth in Section IV below. Parties are both nondominant telecommunications carriers authorized to provide alternative operator services and resold interexchange services in the State of Tennessee.

T-NETIX submits the following information in support of its Petition:

I. PARTIES

T-NETIX Telecommunications Services, Inc. ("TTS") is a Texas corporation and wholly-owned subsidiary of T-NETIX, Inc. ("TNI"), a Delaware corporation, headquartered at 2155 Chenault Drive, Suite 410, Carrollton, TX 75006. TTS is authorized to provide payphone, alternative operator and/or interexchange services, specifically, collect calling services to inmates in confinement institutions throughout the continental United States. TTS does not currently serve any correctional facilities in Tennessee.

T-NETIX, Inc. ("TNI") is a Delaware corporation headquartered at the same address. TNI is authorized to provide collect calling services to inmates in confinement institutions in 40 states. TNI, although certified, does not currently act as an operating entity in Tennessee.

II. DESIGNATED CONTACTS

Inquiries or copies of any correspondence, orders, or other materials pertaining to this Petition should be directed to:

Wayne Johnson, Esq.
T-NETIX, Inc.
2155 Chenault Drive, Suite 410
Carrollton, TX 75006
Phone: 972-241-1535
Fax: 972-236-6977

and

Robin Norton
Consultant to T-NETIX
Technologies Management, Inc.
210 N. Park Avenue
Winter Park, Florida 32789

III. CURRENT DEBT STRUCTURE

Currently, T-NETIX is a party to credit facilities which provide: (a) \$36.0 million Senior Secured Term Notes, (b) \$26.0 million Senior Secured Subordinated Notes (plus all accrued interest payable in kind) and (c) a Revolving Credit Facility with an availability of up to \$14.0 million. Under the terms of these facilities, Parties currently have approximately \$68 million in outstanding indebtedness.

IV. DESCRIPTION OF FINANCING TRANSACTION

Under the terms of the financing transaction, all of T-NETIX' current financing facilities will be paid in full. In lieu thereof, the Parties will be guarantors and pledgors in support of new financing being obtained by TNI's parent company, TZ Holdings, Inc., a Delaware corporation (herein "TZ").

By this Notice, Parties inform the Authority of their participation in a new financing transaction that replaces all current financing and whereby TZ will incur debt in an amount up to \$230 million, secured by certain of TZ's assets and guaranteed by Petitioners. In addition, Parties will pledge certain of their assets to secure the credit facility portion of the financing, as explained more fully below.

First, Parties will provide a guarantee, secured by their personal property (including intellectual property) in support of a \$30 million syndicated revolving credit facility (the "Credit Facility") whereby TZ will be the borrower and ING Capital LLC will be the agent and lender. Parties will provide secured guarantees under the Credit Facility. The final maturity of the Credit Facility will be July 31, 2009. The proceeds of the Credit Facility will be used for the ongoing working capital needs of TZ (and its subsidiaries) and for general corporate purposes, which would include the ongoing operations of Parties.

Second, Parties will provide a guarantee (unsecured) in support of up to \$200 million of senior notes (herein so called) to be issued by TZ.

Parties' participation in the proposed financing transaction for the purposes stated will not result in a change in management matters or in the day-to-day operations; nor will it adversely affect current or proposed operations in Tennessee.

Parties plan to use the funds made available through the financing to refinance existing indebtedness, and for funding working capital, capital expenditures, and other corporate purposes.

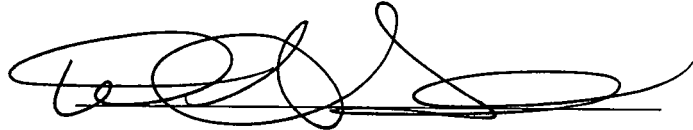
V. CUSTOMER IMPACT

As neither party currently conducts operations in Tennessee, there is no customer impact. No change in management of either Party will occur as a result of this transaction and neither Party will issue any additional securities

VI. CONCLUSION

The Parties expect to consummate the revised debt structure as soon as possible, but in any case no later than mid-September, 2004.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Wayne A. Johnson II', is written over a horizontal line.

Wayne A. Johnson II, Executive Vice
President/General Counsel
T-NETIX, Inc.
T-NETIX Telecommunications Services, Inc.

2155 Chenault Drive, Suite 410
Carrollton, Texas 75006.
Telephone: (972) 241-1535